

FISCAL NOTE

SB 3809 – HB 3522

February 26, 2008

SUMMARY OF BILL: Requires municipally or cooperatively owned utilities to provide access to poles and conduits that are located in public rights of way to any telegraph and telephone corporation or cable provider according to Section 602(5) of the Federal Cable Policy Act of 1984 and requires the Tennessee Regulatory Authority (TRA) to mediate negotiations. Prohibits in-kind payments. Currently rates for pole attachments are assessed based on an equal distribution of annual pole cost to each entity that uses the pole. Under the Federal Cable Policy Act, rates will be assessed based on the percentage of available space on each pole that is used by each entity.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Not Significant

Increase State Expenditures – Not Significant

Decrease Local Revenue – Exceeds \$4,000,000

Assumptions:

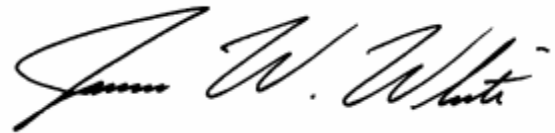
- TRA is authorized to charge fees for mediating negotiations and to set the rate of such fees in an amount adequate to cover the cost of mediation. TRA will collect at least the standard filing fee of \$25. While the number of mediation cases cannot be reasonably determined, TRA estimates that the number of such cases will be not significant. Any increase in state expenditures will be offset by an increase in state revenue from these fees and is estimated to be not significant.
- Municipal utilities currently receive approximately \$8,000,000 annually from pole attachment fees paid by cable TV providers.
- Municipal utilities currently receive approximately \$13,000,000 annually from pole attachment fees paid by telegraph or telephone corporations.

SB 3809 – HB 3522

- According to the Comptroller, changing the method in which rates are assessed will decrease local revenue in excess of 20 percent, at least \$4,000,000. The current equal distribution assessment splits the pole cost among all companies using the pole; the new available space percentage distribution assessment will place more of the cost on municipal utilities as they use more of the pole's available space.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kmc